
Article

An English Market in Japan: A Brief Psychology and History of Big Four Development

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Abstract

The Big Four, in corporate English school history in Japan, set the standards for language communication as a commodity, as well as drove and dominated a market that annually generated billions in Japanese yen and reached hundreds of thousands in student-customers. The paper addresses the historical rise, decline, and resiliency of this industry, from the perspectives of management, marketing, and its underlying consumer psychology. The paper begins with critiques on the Japanese system of English education and the need for communicative training, followed by recent research from social, educational, and language psychology, as well as neuroscience, which collectively support why the need for such communication was desired in Japan. The paper next explores how that desire was commodified and marketed, how the student became a customer, and how the role of teacher became a sales asset. The focus on the Big Four schools presents a brief history of how two of them survived, how two failed, and how the market for private English has changed, from its rocketing beginning during the Japanese bubble economy of the 1980s, through the changes and downturns that occurred up to the present.

keywords: EFL history, eikaiwa, English conversation school, English in Japan, English language business, English school history, language learning market

Introduction

In February 2006, the Japanese Ministry of Economy, Trade and Industry was reporting 826,000 enrollments in private English-conversation (*eikaiwa*: 英会話) schools in Japan, generating a monthly sales figure for the industry of ¥17.2 billion (apx. \$156 million U.S., based on an exchange rate of ¥110 to \$1) (Matsutani, 2010). This customer base represented 0.6% of the entire Japanese population, which was spending, on average, ¥20,800 (\$189) per month on what was essentially a service product. The enrollments number alone was staggering, compared to the mere few-thousand taking private lessons just 30 years prior.

The evolution of the private English-education market occurred largely by transforming

the learning of English itself into a profit-generating commodity, which developed alongside other industries, from the 1970s to the present, during Japan's extensive economic development and path to global influence. At the same time, given that English had already been compulsory in Japan since its post-1945 reforms, not just any type of English for commercial development would suffice. A potential market was calling for one aspect that public education was failing to provide: English for oral communication. The plans to develop such an industry also required a type of instructor, one that the same education system was also not providing: the native speaker, and given Japan's economic, cultural, and security ties, preferably one that was young, energetic, and originating from North America.

The current paper will begin with a brief introduction to the social, linguistic, psychological, and recent neuroscientific research that helps explain an underlying need for such a market in Japan, and the human resources it needed to explore (or exploit) in order to be successful. From there, the paper will consider the history of how this market developed, and partially collapsed, in the hands of the Big Four English-conversation schools. These schools came to dominate over 80% of the entire market, from the decade of the 1980s, until the Nova shock of 2007 and the bankruptcy of the Geos Corporation in 2010. To date, three of these companies are in operation and remain profitable, despite downturns in the private language market, shifts in the national economy, and changes in national education policy.

Prospecting for English Communication

Since the Meiji Period (1868-1912), discussions regarding English language education in Japan have commonly been connected with debates concerning politics and the Japanese language. The post-1945 period through the 1960s were no exception, ushering in changes that still govern language education to the present. A critical debate from this period concerned whether English curriculum should be mandated in public schools. Outspoken against such mandating was Shūichi Katō (1919-2008), the renowned critic, author, and literary scholar. Fluent in English, French, and German, and originally a practicing medical doctor, Katō (1999) argued that making English a compulsory subject was counterproductive to the national interest, and that the proposed methods for teaching English were unsuitable for acquiring practical English communications skills. The point was seconded by other critics of post-WWII reforms, including Yoshimi Usui (1905-1987), who argued that English should be defined not as some manner of technical skill, but rather as a way of developing communicative individuals (Shimizu, 2010).

With the success of Japan's postwar recovery, the nation was re-emerging as an international economic and cultural force, exemplified by the arrival of the Tokyo Olympics in 1964 and the Osaka International Exhibition in 1970. The course merely intensified debates over English education, with voices such as Katō (1999) remaining critical of the way that English was developing as a school subject: as a word-for-word translation task, and as a requirement for passing entrance examinations. Katō's critique would eventually

have the support of classroom and scientific evidence, even if such evidence is still not acted upon in schools and government. Established practices in Japan and many other nations have grown more insistent on extrinsically motivated convergent-learning for quantifiable testing (i.e., teaching correct answers for test scores). When it comes to language development, such practice, at the expense of ignoring evidence and much-needed reform, remains more about persistent beliefs, dogmas, and institutionalisms than about learning (see Nakano et al., 2012, for an example of a Japanese study and perspective on English as a lingua franca in Asia).

One argument, in Japan and elsewhere, against changing the dominant tendency for *test education* in language learning, has commonly been that the primary purpose of schools is to develop intellectual ability. However, despite the history of intuition and common biases about how people develop intellectually, a growing body of evidence from education and social science (see Ambrose & Sternberg, 2011; Sternberg & Kaufman, 2011) has indicated that excessive intellectualism, rationalism, and convergent learning practices are typically counterproductive to higher-level thinking, problem solving, and the ability to innovate, skills that are becoming more necessary in the growth of both global and domestic complexity.

The biases also retard associative memory (relational learning), linguistic experimentation (expressive output), and intrinsic motivation (self-investment), all of which are integral to language development, both native and secondary, regardless of an individual learner's intelligence, learning style, or culture (Dörnyei, 2008; Randall, 2007). In terms of developing verbal communication in a second or foreign language, learners need to engage a certain amount of individual divergence and expressiveness, which seekers of communicative skills tend to do voluntarily for rather subjective, personal, and even emotional reasons, rather than objective, extrinsic, or intellectual ones (Dörnyei, 2003; Kramsch, 2010).

Over the past decade, the argument for a communicative style of language acquisition is also supported by neuroscience. Though not all aspects of foreign language learning are clearly understood, one area that is well-explored is the neuroscience behind phonology, or the way humans hear and process linguistic information (see Biedron, 2015, for an overview of the neurology of foreign language aptitude). Neuroscientists in Japan have also specifically studied Japanese learners of English, utilizing fMRI technology on brain activity regarding grammatical and auditory processing (e.g., Hashimoto & Sakai, 2003). In a recent study on how native Japanese and English speakers process auditory and visual (AV) information, Hisanaga et al. (2016) discovered that the AV relationships, at the cortical levels of the brain, were noticeably different for each language. Whereas native speakers of English rely more on visual cues when communicating, Japanese speakers learning English appear burdened by the additional visual information. One conclusion was that instructional methods specializing in the sounds entering students' ears may be more effective for Japanese students of English.

In conjunction with the neurology of language itself, and as articulated in separate

neuroscientific literature, satisfying desires for certain types of brain activity tend to be synonymous with stimulating patterns associated with emotion, pleasure, and motivation (e.g., Kringelbach & Phillips, 2013). Specifically, the behaviors of learning, motivation, and other seeking tendencies are tied directly into the brain's dopamine neurotransmitter system, one extensively studied as being integral in the production of desire, pleasure, and addiction (see Panksepp, 1998, for complete study of the affective, seeking, and addictive systems in humans and other animals). At a very fundamental level, it is well-documented throughout all the human, social, and primate sciences that people are members of a social species, and take automatic pleasure, in varying and personal degrees, from communicative interaction with other members of the species, particularly with ones who are also appealing in some way.

A Market for English Communication

The sociolinguist Takao Suzuki (1973/2001) argued that one of the most-pressing problems facing English education in Japan was its lack of articulated goals. In his philosophy, learning any foreign language required that learners focus on at least one of three primary aims: (i) *language as an end*, (ii) *language as a means*, or (iii) *language for communication*. According to the vast psychological literature on the topic, such aims, whether learning language or some other subject, require some form of motivation, or desire, to invest in the learning process (see Johnson, 2015, for a classroom case study of adult second-language learning, transformational motivation, and the limitations of instrumental language instruction).

From a business perspective, When treating English as a profit-generating commodity, the desire to learn would represent the demand side of the commonly understood supply-and-demand dynamic that drives most markets. In relating Suzuki's (1973/2001) first case, (i) *language as an end*, a foreign language could also be considered a kind of attainable sensation or reward. The implication is towards the study of a language for its own sake, an example being an individual who might wish to study English simply because of an interest in Anglo-American language and culture. By comparison, the second aim, (ii) *language as a means*, implies exactly that: acquiring a language skill in pursuit of some other purpose, often in the written form of the target language. This would be something like purchasing a tool or piece of software, for the purpose of accomplishing some other task. An example might be a Japanese computer scientist who needs English to keep up with global computer research, the majority of which is written in English.

The second direction, of (ii) *language as a means*, has become the standard by which educators tend to approach language development in both native and secondary language students. Though useful, if employed too rigidly it tends to be stifling and counterproductive. In most Japanese junior and senior high schools, for instance, students typically study (or cram) English simply to pass high school and university entrance examinations. What is commonly missing is a philosophy and curriculum fostering English as a tool for personal, communicative, and international or business use.

To be fair, the rigid implementation, of teaching a subject as merely a means, is neither isolated to English nor to Japan. Internationally, it remains the approach commonly used for K-12 science and mathematics, both highly convergent subjects, which face their own problems fostering student interest. Science and math are typically presented as tools used to graduate to some other pursuit or development, rather than as pursuits that are rewards in themselves. However, an intrinsically rewarding interest is what helps generate actual scientists and mathematicians, as well as a public that comprehends, and wishes to comprehend, scientific, medical, and related advances that are integral to modern civilization (see Lockhart, 1999, for critique of mathematics education in the United States).

Playing the Market for Communication

Beyond the first two options, of English as a means or an end, Suzuki (1973/2001) argued for a third motivational aim, (iii) *language for communication*, which largely refers to communication for international exchange. Suzuki stressed that Japan's direction for English education should conform to this particular focus. Not only is the option globally and communicatively pragmatic, it can sensitively respond and adapt to changes in Japanese tastes, culture, and overall needs.

Regarding the history behind commercial English development in Japan, the standard of *language for communication* became the profit-generating commodity that hundreds of for-profit English conversation (*eikaiwa*) schools would ultimately market. Beginning mostly in the 1960s, and expanding their numbers dramatically in the 1970s and 1980s, most of these schools were small family or single-proprietor shops that would close after just a few years of operation. Four of these businesses, however, would develop into what became known collectively as the Big Four in *eikaiwa* education.

The Big Four is a term that covered what were the top corporate schools in Japan from the 1980s until 2007, the year that the largest of these, Nova Corp., filed for bankruptcy protection (Takahara, 2007a). The second, third, and fourth largest of these schools, in order of student populations and revenue, were Geos, ECC, and Aeon. Geos also filed for bankruptcy, in April 2010 (Matsutani, 2010), leaving ECC and Aeon to assume, respectively, the top two positions.

The Nova and Geos shocks were highly publicized in Japan, thus the current paper will only briefly mention each company here. Geos (Global Education Opportunities and Services) was started in 1973, in Tokushima, Japan, under the acronym AMVIC (Ambition and Victory). The focus was English language education for adults and children. The cofounders were college roommates Kiyoshi Aki and Tsuneo Kusunoki. In 1989, after achieving considerable success, Aki and Kusunoki decided to split AMVIC due to differences in business philosophies. Retaining a more conservative objective, Aki focused on English learning for Japanese students, and subsequently formed the Aeon Corporation. Kusunoki had larger and international ambitions, and in the midst of the Japanese asset price bubble (the bubble economy), formed the Geos Corporation, which quickly became one of the two largest *eikaiwa* chains nationwide. Business remained strong for a while, yet market

saturation ensued in 2003 (Takahara, 2007b), followed by a 50% reduction in eikaiwa students between 2006 and 2010 (Matsutani, 2010). In April of 2010, Geos collapsed. At the time, its divisions were managing 7,800 employees total, about 2,100 of them full-time regular (Matsutani, 2010), and reporting ¥7.5 billion (apx. \$65 million U.S.) in debt.

Prior to Geos going out of business, as well as contributing to a trend that drove Geos out of business, was by far the largest English school chain in history, Nova. The first Nova school was cofounded by Nozomu Sahashi in August 1981, in Osaka (Nova Corporation, 2001), making it the newest addition to what would become the Big Four. Nova Corporation went public in 1996, and even through economic recession it continued to hard press its expansion. Between the years 1997 and 2004, Nova expanded its branch schools from 239 to over 600, increased annual revenues to over ¥60 billion (apx. \$545 million U.S.), and had captured over half of the market share with more than 400,000 students (Takahara, 2007a). This aggressive, forward-only push also marked the beginning of the end. In 2003, the English market itself had reached saturation, and the Ministry of Health, Labor and Welfare began cutting grants for vocational and language learning, which meant less money for students and, in turn, contributed to a decline in market performance (Takahara, 2007b). However, such market changes and reduction in revenue made no impression on Nova's management, who refused to reassess their aggressive expansion policies. The result was record losses for the years 2005-2007 (Stubbings, 2007; Takahara, 2007b), coinciding with a sharp downward turn in eikaiwa enrollments throughout the market beginning in 2006 (Matsutani, 2010).

When Nova suddenly collapsed in October of 2007, its branch schools had ballooned nationwide to an untenable number of 900, its advertising expenditures for television alone had substantially drained company assets, and despite the economic turmoil on the horizon, the company had just days-before completed a ¥70 million posh redecoration of its head offices (Takahara, 2007b). The behavior left several economic researchers and critics to conclude that Nova management had simply lost all touch with reality and responsibility. Upon filing for bankruptcy, the company was the leading employer of foreign nationals in Japan, with approximately 5,000 on the payroll (Stubbings, 2007; Takahara, 2007a, 2007b). Many of these were left stranded when the company literally terminated nearly every job position overnight and without warning, subsequently withholding most employee salaries. It was also estimated that as many as 300,000 of its 420,000 students at the time would never recoup their prepaid tuitions (Kyodo, 2007), given that students were customers, from which companies filing for bankruptcy are protected.

As of the year 2013, whereas Geos had not returned to the market with any force, Nova was restructured under the name Nova Holdings Group, and reentered to become the third-largest eikaiwa provider in Japan. Exercising a more cautious business model, under completely different management, the company embraced both the adult and especially the children's market, as well as several diversified divisions in tutoring, translation, and publishing, a strategy that appeared to emulate its largest competitor, ECC. In 2013, all of Nova Holdings claimed to be operating 336 schools, with about 66,000 students in

total (Budmar, 2013). However, how much of this business was directly owned or merely affiliated under contract agreements is not clear. As of January 2016, Nova claimed only 365 regular employees despite a reported revenue of ¥7.8 billion (apx. \$70 million U.S.) (Recruit, 2017b).

Given the continued inconsistent regulation of the private English industry in Japan, the history of labor transgressions by many language employers, and the history of Nova itself, the new Nova company could simply be hiring a considerable contract labor force and sidestepping a number of reporting and labor laws, thus mimicking the business practices of a successful mid-sized eikaiwa franchise known as Gaba Corporation (founded 1995) (Currie-Robinson, 2016). As for Nova Holdings, in October 2016, the company claimed its eikaiwa division in Japan numbered 267 schools, and all of the Nova group had acquired or expanded to 1,733 branch schools globally. Once again, it remains unclear as to how many of those schools were directly owned or merely affiliated, with the vast majority being small tutoring facilities in Japan for children, and operating under a variety of local or regional business names other than Nova (Nova, 2017).

Successful Commercial Course

Headquartered in the city of Osaka, ECC (Education through Communication for the Community) is known commercially as ECC Co., Ltd. Founded in 1962, it is the oldest eikaiwa corporation in Japan. The company's flagship division is advertised in the marketplace as the ECC Foreign Language Institute, a national chain of branch schools that focus on English language communication for adults and children. The division is part of a larger holding, the ECC Group, which offers a variety of educational services. These services include international study abroad programs, training for airline industry employees, and preparatory schooling for junior high school, high school, and college students.

As of 2014, the ECC Group was reporting a total student base in Japan of 386,000 (eikaiwa students and all others) (Recruit, 2014). As of January 2017, the number was nearly 400,000, and the total employee base was more than 18,000 (ECC, 2017), though a 2014 Recruit disclosure indicated that 4,500 were regular staff. The ECC Foreign Language Institute itself, which offers primarily English courses to adults, is one part of the broader operation, with just over 400 native English teachers at more than 180 branch schools as of 2013-2014 (Budmar, 2013; Recruit, 2014). These branch schools were concentrated strategically in the three most populated regions of the country, as opposed to spreading out to smaller cities and rural areas. At the time of reporting, about two-thirds of the branches were divided evenly between the Kanto and Kansai regions, and many of the remaining branches were concentrated in Aichi Prefecture (the Nagoya area). Reported annual sales were ¥41.3 billion (\$375 million U.S.).

ECC was started in Osaka Prefecture as a small English conversation club, by 22-year-old Isamu Yamaguchi (ECC, 2017). Yamaguchi grew the company until it was registered as a corporation in January 1975, and remained as the company's president throughout much of its evolution. The current president, Katsumi Yamaguchi (2013), stated that the

business has always sought to “sell English conversation,” a point central to the company’s founding philosophy. ECC developed around what Yamaguchi described as a student-needs approach, in which teachers played a supporting, facilitating role. In this model, the label of student became synonymous with customer.

The ECC model is important because it illustrates how the for-profit language academies developed their instructor-customer practices in Japan. The model borrowed from the well-established international private school Berlitz, as well as informed the way Berlitz itself would adjust for operations in Japan. In the process of ECC running its for-profit business model, Yamaguchi (2013) claimed that the company tried to balance its efforts evenly between educational services and managerial efficiency. In the larger history of language education, such focus represented a departure from running a non-profit or traditional public school, in which education and management functioned for the educational capacity exclusively. In contrast, ECC changed language learning into a service industry, a model later emulated in varying degrees by Nova, Geos, and Aeon.

Consequently, as with any business set in a framework of providing service, customer satisfaction became part of the ECC learning program. Unlike students in compulsory education, customers of language products were allowed choices, hence satisfaction became paramount to attracting new customers and retaining current ones. The approach also required a new type of marketing scheme, involving what would become the industry’s primary asset: the foreign instructor (see Kubota, 2011, for sociological marketing analysis).

The Teacher-Seller Asset

The English communication industry boomed in the 1980s for several reasons, not the least of which included the Japanese bubble economy, which itself contributed to a growth in overseas study, commercial investment, and general cultural interest. The boom also contributed to an organized, salaried contract system for foreign language instructors (Budmar, 2012). In the process, the Big Four became the largest employers of Westerners in Japan, offering competitive compensation packages that schools and other learning institutions across most of Asia simply could not match. With Continental Europe partial to English instructors from the U.K., and British Commonwealth locations in Asia, such as Hong Kong and Singapore, still inclined at the time toward British and Australian dialects (see Edwards, 2016, for recent shifts), the Big Four were able to attract mostly North American teachers, who offered a dialect that the Japanese market preferred.

Unlike the teacher in traditional models, who is trained in education to operate courses and present curriculum, the native-English conversation instructor became part of the customer satisfaction model, hence he or she became integral to the marketing strategy (Bailey, 2006). In most eikaiwa businesses, historically and to the present, the foreign teachers were expected to sell new students and new courses, thus making these individuals not only instructors but also sales representatives. Because students could select which school to contract lessons from, often based on their first-impression of a branch’s foreign instructor, the instructor was part of the commodity for sale. This human product included

more than teaching ability, but also personality, physical appearance, and the ability to affectively relate to students (Bailey, 2006; Kramsch, 2010; Kubota, 2011). As Takahashi (2013) argued, Western teachers were of particular marketing importance in attracting Japanese female student-customers, to which eikaiwa promotional material targeted gender stereotypes of passionate desire, social mobility, and identity transformation. Consequently, as is common when hiring representatives across a variety of service and sales industries, the hiring bias was towards young, attractive, and energetic candidates, which in this case meant native speakers of particularly North American origin.

The bursting of the Japanese price asset bubble, in the early 1990s, did not seem to immediately affect the English conversation market throughout what has been termed Japan's lost decade. For teachers with only a bachelor's degree and no special training in English education, contracts remained abundant and the salaries the highest in Asia (Budmar, 2012). Additionally, the Big Four corporate schools were known for reliable and honest teacher treatment, which was not always the case in other countries. However, from the late-1990s onward, a combination of realities began to catch up with the lucrative English conversation market. This combination included a continuing recession in the Japanese economy, changes in national labor laws, changes in national education policies, less money spent by Japanese students for English both domestically and abroad, and the growth of job markets internationally in countries such as China, South Korea, and Brazil. When Nova collapsed in 2007, it also illustrated how the large English-conversation schools had fallen behind in teacher salaries, offering about ¥250,000 per month on average compared to a variety of other, developing options in Japan that averaged closer to ¥350,000 per month (Sidell & Jarvie, 2007). The collective result was that many of the most sought-after teacher candidates started working elsewhere in Japan or in other countries.

As an example of changes in the teacher asset market, an anonymous source, at a mid-level English provider for Japanese universities, explained that nearly 90% of its instructor workforce in the 1990s was from North America, with the average age around 25-30 years. By 2016, the numbers were closer to 40% for North Americans, and the average age closer to 30-35 years. This is not to say that non-North Americans or older instructors are incapable delivering quality English education; on the contrary, the company has attracted numerous certified and experienced instructors, from many countries, to its academic teaching division.

However, the conversation industry on whole had built a public image on young faces, which were often depicted like actors or models, a strategy that helped generate substantial emotional spending by young student-customers, ones eager to indulge their *akagore* (Occidentalized longings) (Bailey, 2006) or pursue their quest for social inclusion (Kubota, 2011). Subsequently, the inability to provide the much sought-after product of American English, offered by instructors who seemed more like "cool" peers than educators, partially contributed to a loss of product sales and eventually the bankruptcies of the over-extended giants Nova and Geos, who had resorted to hiring almost anyone to fill their teacher contracts (see Budmar, 2012, & Currie-Robson, 2014, 2016, for survey of teaching in Japan;

see British Council, 2006, for report and predictions regarding English language teaching and markets globally during the decade of the 2000s).

A Cautious Track

Not to be confused with AEON & Seven Holdings, the Aeon Corporation (株式会社イーオン) has remained the most fiscally conservative of the Big Four schools since its official inception in 1989. Headquartered at an unassuming location in Okayama, Japan, operating in a manner far more reserved than even ECC, and nowhere as speculatively aggressive as either Nova or Geos, Aeon has avoided unnecessary bank financing, paid careful attention to economic indicators, and thus expanded and retreated in the eikaiwa market as needed. The company also maintains instructor recruitment offices only in North America, careful about the number of American instructors that might be in the market, and whether there will be enough to staff new branch openings in Japan. The company's flagship remains its adult eikaiwa Aeon brand, which has branch locations across the nation, from Okinawa to Hokkaido (Aeon, 2017a, 2017b). The company's second-largest division is Aeon Amity, which caters to children and adolescents, and accounts for about a quarter of branch locations nationally. In 2004, the company also opened HAO Academy, a small division offering Chinese-language education at just a few metropolitan locations. Imitating ECC's model, Aeon has also developed other language-related and educational services, but on a modest scale that accounts for a small fraction of total revenue.

A great deal of Aeon's direction and success is attributable to its founder, chairman, and CEO Kiyoshi Aki, known among his employees as health conscious and already at his desk in the morning before his staff arrives. After Aki cofounded AMVIC in 1973 with Tsuneo Kusunoki, the business partners followed different entrepreneurial paths in 1989, when Kusunoki formed Geos and Aki developed Aeon. The year represented the peak in Japan's bubble economy, when the Nikkei stock average hit an all-time high and businesses were dumping money into all manner of new ventures, some of them legitimate, some incredibly speculative and destined for failure (see Meredith & Baumgartner, 1995, for IMF analysis). The Big Four, as well as numerous smaller academies, all prospered from this rapid and massive expansion, and customer interest clearly indicated that the English conversation market was a viable course for growth investment.

However, unlike Kusunoki and Geos, which set out to become an international brand on par with the global giant Berlitz Corporation, Aki and Aeon settled into offering English in Japan almost exclusively to Japanese adults and children. Likewise, whereas Nova and Geos would become large corporations with expensive public profiles and impersonal board meetings, Aki employed a more traditional style of management, with a small loyal group of regional and district managers answerable directly to him, with Aki himself assuming regional manager duties over the second-largest of the company's three regional districts (Aeon, 2017a). As CEO and the controlling shareholder, Aki has retained full administrative control regarding nearly every aspect of total operations, from branch openings and closings, to poster advertising, to course textbook development. In fact, in the first half of Aki's (2017)

own succinct *Message from the CEO*, the chairman referred to educational research, method, and pedagogy, not business.

At first reading, Aki's profile might seem incongruent with a successful corporate CEO. Fluent in English, schooled in American-style business and financing, and married to an American (Aki is father of Japanese-American singer-songwriter Angela Aki) (Poole, 2009), Aki has also remained entrepreneurially Japanese in approach, with almost no public photos anywhere on record, not even on Aeon's website. Given the cataclysms of Nova and Geos, and the realities of eikaiwa as a shrinking big-business commodity, the profile demonstrates a character perhaps wise to the potential pitfalls and untenable ambitions associated with the industry. This not only allowed Aeon to survive and assume the position of second-largest English language company in Japan, but has protected an estimated ¥30 billion (\$270 million U.S.) in total company assets as of the year 2016 (figure estimated from Recruit, 2017a information and the accumulation trends for Aeon since 2010).

From its first school in 1973, AMVIC eventually developed into AMVIC International, with two divisions operating towards slightly different purposes, one led by Kusunoki and the other by Aki. In 1984, Aki's division commanded 25 branch schools (Bailey, 2006). After the rapid bubble expansion, the business partners, in 1989, split AMVIC into two independent companies, when Aeon took on 149 branch schools. At first, the number might seem large, but the schools themselves were mostly small shops in strategic locations, near train stations or adjacent to shopping centers. By the year 1997, despite 230 branch schools, the company employed little more than 2,000 regular personnel, nearly a quarter of which were foreign nationals. Relatedly, despite the growing number of regulations and labor laws concerning teacher hiring in Japan, Aeon has maintained one of the best reputations among General Union, the Japan-based trade union that deals with the private English education industry (St. Michel, 2015). The company, along with ECC, is also commonly mentioned among teacher blogs and job sites as being one of the most reliable and professional private-sector schools to work for (e.g., Ash, 2017).

In terms of language course and material development, AMVIC, and subsequently Aeon, became dedicated to in-house textbook development beginning in 1976, and the company standardized its course levels and lessons throughout all of its adult schools by 1986 (Aeon, 2017b). These actions not only benefitted students, but in-house publishing kept textbook revenues within the company, and standardized lessons allowed for clear pricing guidelines for student-customers and sales representatives. Unlike its competitors Nova and Geos, Aeon has also maintained the highest prices throughout its history, capturing substantial revenues from new and returning customers. The company's smaller enrollments, compared to those of its competitors in the Big Four, were set within small branch locations, thus allowing for closer personal contact with students, which in turn contributed to higher student satisfaction and renewable contracts.

As of 2010, the year that Geos filed for bankruptcy protection, Aeon reported an annual revenue of over ¥24 billion (apx. \$218 million U.S.), and held assets of more than ¥28 billion (\$255 million U.S.) (Aeon, 2010). To maintain consumer confidence, the company

also began depositing 50% of prepaid student tuitions into a trust account managed by Mizuho Trust Bank, which would be held on behalf of students should Aeon suddenly cease operations or declare bankruptcy (Aeon, 2017b).

As of December 2015, Aeon reported annual revenue of ¥19.3 billion (\$175 million U.S.), which was consistent with the dwindling market and Aeon's strategic reduction in size. Despite peaking at over 400 branch locations sometime in the 2000s, Aeon scaled back to around 320 branches (240 for adults and 80 for children) while maintaining 100,000 student-customers and protecting its total assets (Aeon, 2017b). Compared to the Nova and Geos strategies, of measuring success by aggressively capturing market share and expanding student bases, a former employee of Aeon explained that the company, from branch managers to Chairman Aki, closely followed its bottom-line regarding revenue per student. From the 1990s onward, an Aeon marker seems to have been a fairly consistent pattern of trying to maintain about ¥200,000 per student, on average (\$1,800 U.S.), and adjusting operational spending and branch openings and closings accordingly. Data from the 2000s and 2010s revealed Aeon student-customer bases of 80,000 to 120,000, with total revenues between ¥15 billion to ¥26 billion, thus indicating an average revenue range of ¥187,000 to ¥217,000 per student.

Summary

At its peak, the private English education industry generated about ¥200 billion per year, with the Big Four corporations of Nova, Geos, ECC, and Aeon capturing an estimated three-quarters or more of that market. Two of these companies began in Osaka, and the other two started as one before dividing into separate ventures. All four prospered dramatically from the Japanese bubble economy, but only two would carry on the spirit of that period, into aggressive expansion efforts that propelled both to the top spots in the industry, positions that were short-lived when both soon filed for bankruptcy, which wrecked faith in the market as a whole. The other two corporations, one diversified and plodding, the other tightly managed and fiscally cautious, have been without major shock or setback in their respective histories, and still show considerable revenues. The first of these two, ECC, is still growing, and assuming perhaps 70% of the market on its own as of 2016. The largest of the two bankrupt brands, Nova, reentered the market under new ownership in 2012, but it remains too early to tell whether the venture will prosper or fall back into its old ways of cutting corners on the fast track to market expansion.

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